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January 21, 1999

RECEIVED  
JAN 21 1999  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
The Portals - TW-A325  
445 Twelfth Street, S.W.  
Washington, DC 20554

Re: Ex Parte  
Advanced Services Rulemaking  
CC Docket No. 98-147

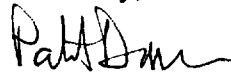
Dear Ms. Salas:

Pursuant to Sections 1.1206(b)(1) and (2) of the Commission's rules, 47 C.F.R. Sections 1.1206(b)(1) and (2), I am providing this notice of an oral and written *ex parte* presentation in the above-captioned matter.

On January 21, 1999, on behalf of KMC Telecom, Inc., I met with Linda Kinney, Office of Commissioner Susan Ness and presented views concerning issues in the above-captioned proceeding as described in the attached outline of the presentation which was provided to Ms. Kinney at the meeting.

Two copies of this letter are enclosed.

Sincerely,



Patrick Donovan

cc: Linda Kinney



# **Expediting Deployment of Advanced Services**

**KMC Telecom**

**January 21, 1999**



# Topics of Discussion

- KMC Strategies
- Collocation and Unbundled Network Elements
- InterLATA Relief
- Separate RBOC Subsidiary

# KMC Telecom

- KMC is authorized to provide competitive services in 18 states and Puerto Rico
- Through its fiber optic-based switching systems deployed to date, KMC provides services in Tier III markets in Huntsville, Melbourne, Pensacola, Sarasota, Tallahassee, Savannah, Augusta, Topeka, Baton Rouge, Shreveport, Greensboro, Winston-Salem, Corpus Christi, Roanoke and Madison
- KMC is planning to serve surrounding Tier IV markets
- KMC is planning to extend its service into the residential market

# KMC Offers Advanced Services

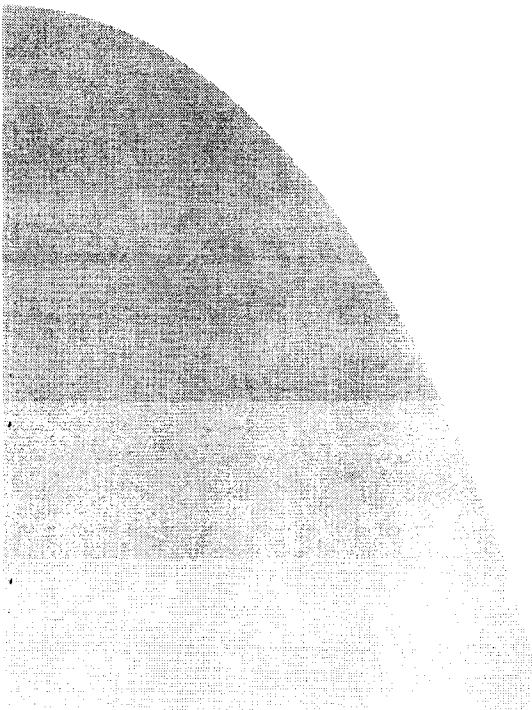
- ClearStar™ -- Centrex-based voice data applications/ISDN
- Facilitating Dynamic Bandwidth through HDSL
- Port Wholesaling
  - ◆ Remote Access and SS7 Gateways
- Wideband Access Management, including integrated 5ESS Platforms

# Collocation and Unbundled Network Elements -- Enforcing and Strengthening Obligations

- KMC applauds reports that the Commission will adopt strengthened collocation and unbundling requirements
- Collocation and UNEs are required for CLEC provisioning of advanced services
- Nondiscriminatory access to collocation space and network elements will subject RBOCs to competitive pressures, thereby encouraging deployment of advanced services

# **InterLATA Relief**

## **-- Legal Requirements**

- 
- Statutory mandate of Section 271 is clear
  - Under the current regime, RBOCs themselves have control over InterLATA Relief
  - Section 706 does not overturn compliance with the 14-point competitive checklist

# **InterLATA Relief**

## **-- Policy Considerations**

- No Commission action is necessary to promote advanced services in rural areas
  - ◆ Market demand will attract all providers
- RBOCs do not (or should not) have a unique advantage to offer advanced services
- RBOCs have recently announced major ADSL initiatives: SBC, Bell Atlantic/AOL
- CLECs can and will offer such services



# InterLATA Relief -- Policy Considerations (continued)

- Commission should not abandon carrot and stick approach of Act
- No better incentive to offer advanced services than mechanisms already in place:
  - ◆ Vigorous enforcement of Section 271 and Competition itself
- No current need to protect rural end users, who enjoy the same access to the Internet as urban customers

# Separate RBOC Affiliates

## -- Legal Definition

- Section 251(h) bars ILECs from sidestepping their market-opening obligations
- Section 272 obligations do not make an affiliate a non-ILEC for these purposes
- Proposed separations are inadequate
  - ◆ Outside ownership
  - ◆ Joint Marketing
  - ◆ UNEs, Collocation and CPNI on same terms and conditions

# Separation Requirements

- Additional safeguards are critical
  - ◆ transfer of facilities
  - ◆ resale obligations
  - ◆ spectrum sharing
  - ◆ extended link

# Separate RBOC Affiliates -- Policy Considerations

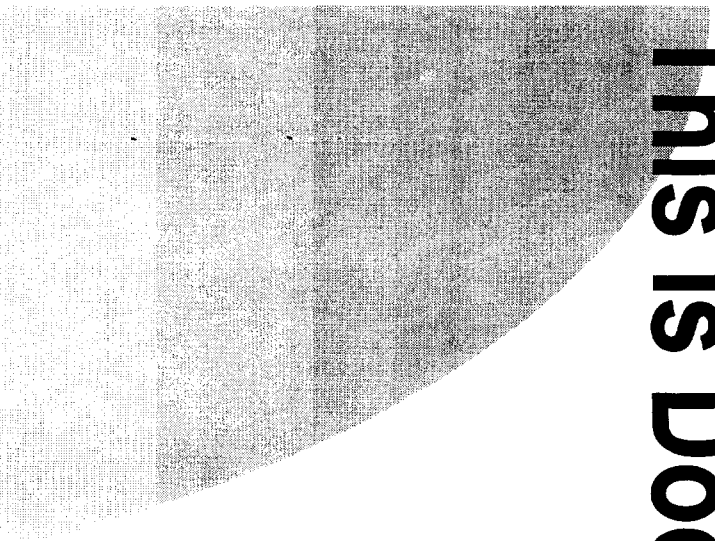
- Network bifurcation could result in effective deregulation of all new services
- Separation of data affiliates will eliminate incentives to maintain and improve public switched network



# Conclusion

- FCC should abandon the separate affiliate initiative
- FCC should not provide interLATA relief absent Section 271 compliance

**This is Doc. No. 266250**



KMC Telecom